

Message Text

CONFIDENTIAL

PAGE 01 MILAN 00541 01 OF 03 280858Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
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C O N F I D E N T I A L SECTION 1 OF 3 MILAN 0541

E.O. 11652: GDS
TAGS: PFOR, PINR, PINT, PGOV, IT
SUBJECT: VIEW FROM MILAN: THREE NEW FACTORS

REF 76 MILAN 2425

1. SUMMARY. MOST MILANESE POLITICAL, ECONOMIC, AND OTHER
FIGURES WHO COUNT FEEL ANDREOTTI GOVERNMENT WILL
WEATHER PRESENT STORM, WITH PERHAPS SOME OPTICAL CHANGES IN
DC UNDERSTANDING WITH COMMUNISTS. DC, REASONING GOES,
GATHERING STEAM; PCI STILL IN HANDS OF CAUTIOUS BERLINGUER;
AND SOCIALISTS PRACTICALLY UNFIT FOR COMBAT. REAL CRUNCH
MAY BE SIX MONTHS OR MORE AWAY. IT WILL COME WHEN COMMUNISTS
CAN NO LONGER TOLERATE RESTRICTIONS THAT RESPONSIBILITY NOW
IMPOSES ON THEM AND THEY RUN INTO IMMOVABLE ROCK OF DC
OPPOSITION TO THEIR PARTICIPATION IN GOVERNMENT. MEANWHILE,
EXPECTATIONS ARE THAT U.S. INTENDS TO TREAT LEFT LESS
COLDLY THAN IN PAST, PERCEPTION WHICH RAISES OUR FRIENDS'
BLOOD PRESSURE. THREE MAJOR CHANGES THAT HAVE OCCURRED HERE
IN LAST SIX MONTHS DO NOTHING TO MAKE FUTURE EASIER TO
FATHOM. THERE ARE DECIDED DC SHIFT AWAY FROM HISTORIC
COMPROMISE, TURBULENCE ON PCI AND PSI LEFT AS THOSE PARTIES
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PAGE 02 MILAN 00541 01 OF 03 280858Z

TRY FOR RESPECTABILITY, AND UNSETTLING INTRODUCTION OF
MILITANT AND OFTEN VIOLENT YOUTH ELEMENT WHICH INSTIT-
UTIONALIZED PARTIES HAVE NOT BEEN SUCCESSFUL IN TAMING.
END SUMMARY.

2. FEELING IN MILAN, AS CLOCK RUNS INTO OVERTIME FOR ANDREOTTI
GOVERNMENT, IS THAT PLAY WILL PROBABLY CONTINUE, AGAINST

ALL INITIAL EXPECTATIONS, FOR ANOTHER QUARTER OR TWO. WITH ONLY ONE EXCEPTION, HIGH LEVEL FIGURES WITH WHOM WE SPOKE THIS WEEK BELIEVE THAT PCI, FOR ALL ITS GRAVE PROBLEMS, WOULD NOT WITHDRAW ITS SUPPORT FROM GOVERNMENT AND THAT DC, HEALTHIER THAN IT HAS BEEN IN YEARS, WOULD GET THROUGH CURRENT CONSULTATIONS WITH ANDREOTTI TEAM INTACT BUT WITH PERHAPS SOME COSMETIC CHANGES IN PRESENT PCI RELATIONSHIP WITH GOVERNMENT.

3. DIFFERENCES EMERGED ON HOW MUCH DC WILLING TO GIVE. PROPONENTS WITHIN DC OF HARDER LINE, LIKE SENATOR AND MILAN STOCK EXCHANGE PRESIDENT URBANO ALETTI, ARGUED THAT PCI COULD NOT AFFORD TO DEVIATE FROM PRESENT STRATEGY AND WOULD THEREFORE CONTINUE TO SUPPORT ANDREOTTI ON CURRENT TERMS. LOMBARDY REGIONAL PRESIDENT CESARE GOLFARI (DC LEFTIST BASE FACTION), ON OTHER HAND, POINTING TO STUDENT RIOTS, ARGUED THAT PRESENT FORMULA HAD EXPOSED AND HEIGHTENED CONFLICT OVER POLICY WITHIN PCI AND SHOULD BE CONTINUED. HE THOUGH LIKELY PRICE--DC AGREEMENT ON PROGRAM WITH PCI -- WELL WORTH PAYING ALTHOUGH MORO, PICCOLI AND FANFANI PARTIAL TO FORCING EARLY ELECTIONS

IMPRESSIVE YOUNG MILAN DC PROVINCIAL SECRETARY ROBERTO MAZZOTTA AGREED. IMPORTANT THING WAS NOT WHETHER THERE WAS AGREED PROGRAM BUT WHETHER DC WAS DECIDING WHAT WENT INTO PROGRAM, PARTICULARLY ON NATIONAL ECONOMIC POLICY AND ON PUBLIC ORDER.

4. UNDERLYING ABOVE REASONING IS WIDESPREAD ACCEPTANCE THAT DC HAS GAINED CONSIDERABLY IN PUBLIC STANDING AND IS MORE UNITED THAN EVER AGAINST HISTORIC COMPROMISE. ON FIRST POINT, PSI LOMBARDY

CONFIDENTIAL

PAGE 03 MILAN 00541 01 OF 03 280858Z

REGIONAL SECRETARY GABRIELE BACCALINI TOLD US THERE IS NO DOUBT THAT DC HAS DONE MUCH TO RENEW ITSELF OVER PAST YEAR OR TWO AND HAS MENDED ITS PUBLIC IMAGE NOTABLY. HE WAS AFRAID PARTY BECOMING TOO COCKY AND CLAIMED PSI INTENDS TO PREVENT DC FROM PRECIPITATING NEW ELECTIONS AT ALL COSTS. LEFT, HE SAID, WOULD THREATEN ITSELF TO FORM GOVERNMENT RATHER THAN ALLOW PARLIAMENT TO BE DISSOLVED AND EARLY ELECTIONS HELD.

5. AS FAR AS TENDENCIES TOWARD HISTORIC COMPROMISE CONCERNED, CENTER OF GRAVITY WITHIN THIS CONSULAR DISTRICT'S DC HAS SHIFTED SEVERAL DEGREES TO RIGHT. LEFTIST BASE FACTION HAS BEEN DEFEATED IN MILAN PROVINCE FOR TIME IN 15 YEARS (76 MILAN 2541) AND SEVERAL OF ITS PRINCIPAL FIGURES HAVE NOW ACCEPTED PARTY POSITIONS UNDER MAN WHO BEAT THEM, PROVINCIAL SECRETARY MAZZOTTA. AT LOMBARDY REGIONAL LEVEL, BASE PEOPLE STILL IN CHARGE BUT APPEAR TO HAVE CHANGED. LOMBARDY PRESIDENT GOLFARI, FOR EXAMPLE, TOLD US HE FAVORS CONTINUING LIMITED COOPERATION WITH COMMUNISTS BUT ONLY IN ORDER TO FORCE THEM INTO PAINFUL AND DEBILITATING CHOICES THAT COME WITH RESPONSIBILITY. MILANESE AGRICULTURE

MINISTER MARCORA, TOUGHEST BASE POLITICIAN OF ALL, DOES NOT
APPEAR TO BE AMONG CONVERTED BUT IS KEEPING LOW PROFILE, AWARE
NO DOUBT THAT TALK OF HISTORIC COMPROMISE INEVITABILITY IS
DECIDEDLY OUT OF FASHION AT MOMENT. SENATOR ALETTI SAID SIMPLY
THAT THERE IS NO SUPPORT AT ALL WITHIN DC FOR HISTORIC COMPROMISE.
ONE INDICATION OF THAT, ACCORDING TO YOUNG AND INNOVATIVE DC
DEPUTY MARIO USELLINI, IS FEELING AMONG MUCH OF PARTY THAT
ANDREOTTI HAS GONE TOO FAR IN ACCOMMODATING COMMUNISTS.

6. WHAT, THEN, IS LIKELY TO HAPPEN TO PRESENT GOVERNMENT?
MAZZOTTA AND SOME OTHERS FEEL IT WILL LAST AT LEAST UNTIL AUTUMN, WHE
N
PCI MIGHT DEMAND TO ENTER GOVERNMENT. DC WOULD REFUSE AND ELECTIONS
WOULD ENSUE. DC WOULD EMERGE STRENGTHENED, PCI POSSIBLY WEAKENED,
AND PSI AND SMALL PARTIES WOULD APPROACH VANISHING POINT. THAT IS
VIEW OF OUR POLITICAL CONTACTS AS WELL AS OF DOXA POLLING BOSS
LUZZATO FEGIZ. BUT DC WOULD NOT COMMAND ABSOLUTE MAJORITY AND
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PAGE 04 MILAN 00541 01 OF 03 280858Z

SOME DEAL WITH PCI WOULD BE ONLY ALTERNATIVE TO CIVIL WAR. CORRIERE
EDITOR OTTONE, HOWEVER, FAVORS AND SAYS HE EXPECTS NEW DC LED
GOVERNMENT TO INCLUDE EXPERT MINISTERS ACCEPTABLE TO PCI AND
PSI, E.G., SPAVENTA AND NAPOLEONE.

CONFIDENTIAL

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PAGE 01 MILAN 00541 02 OF 03 280909Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
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C O N F I D E N T I A L SECTION 2 OF 3 MILAN 0541

7. MEANWHILE, MILAN PROVINCIAL DC IS BUSY INTRODUCING SELF-FINANCING SCHEME WHOSE SUCCESS WOULD WORK PROFOUND CHANGES IN ITALIAN POLITICS. DEPUTY (AND COSMETICS MANUFACTURER) USELLINI, PROVINCIAL SECRETARY MAZZOTTA, SENATOR ALETTI, DEPUTY PIERO BASSETTI AND OTHERS HAVE PUBLICLY BEGUN CAMPAIGN --COMPLETE WITH DAILY NEWSPAPER ADS--TO SOLICIT FINANCIAL CONTRIBUTIONS FOR PARTY ON MASS BASIS. USELLINI EXPLAINED TO US THAT PROVINCIAL PARTY'S FINANCES ARE IN HOPELESS MESS, WITH TELEPHONE, RENT, AND OTHER BILLS YEARS IN ARREARS AND PARTY THUS OPEN TO EMBARRASSING PUBLICITY AND THEREFORE BLACKMAIL. HE AND OTHER LEADERS REFUSE TO ACCEPT TRADITIONAL WAYS OF GATHERING FUNDS SINCE THAT WOULD MAKE PARTY PRISONER OF ITS BACKERS. THEY IN FACT RECENTLY REJECTED PCI-PSI OFFER OF BRIBE SHARE IN MAJOR LOMBARDY BUILDING PROJECT, FOR EXAMPLE. MASS DONATIONS WOULD SOLVE PARTY'S MONEY NEEDS, HELP KEEP IT FREE FROM BLACKMAIL AND OTHER PRESSURE, AND MAKE DC TRULY POPULAR PARTY BY INVOLVING LARGE NUMBERS OF SUPPORTERS. FUND-RAISING SCHEME IS ALSO MEANS, SAID USELLINI, OF ENLARGING PARTY MEMBERSHIP BY DEPRIVING FACTIONS OF POWER TO LIMIT ENTRY TO FRIENDS. IDEA IS TO GRANT TO DC CONTRIBUTORS KIND OF HALF-MEMBERSHIP WHICH COULD BE EXPANDED TO INCLUDE FULL VOTING RIGHTS. MAZZOTTA TELLS US CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MILAN 00541 02 OF 03 280909Z

HIS INTENTION IS TO CONVERT TESE SEMI-MEMBERS TO FULL MEMBERS NEXT YEAR IF CAMPAIGN GOES WELL. THIS WOULD BRING IN ENTIRELY NEW BLOOD AND THROW PRESENT FACTIONAL BALANCE OF PARTY, NOW A CLOSED CLUB OPERATION, INTO COCKED HAT.

8. ANOTHER DC INNOVATION IN WORKS IN MILAN IS AREL, RESEARCH AGENCY MEANT BY ITS FOUNDING MEMBERS--ALETTI, TREASURY MINISTER STAMMATI, UMBERTO AGNELLI, AND 12 OTHERS--TO SERVE DC SENATORS AND EVENTUALLY ENTIRE PART (MILAN 0039). FOUNDERS HAVE NOW DECIDED TO MAKE WIDER APPEAL FOR FINANCIAL SUPPORT THAN THEY AT FIRST ENVISAGED AND TO THAT END MET FEBRUARY 22 IN MILAN WITH NUMBER OF SMALL BUSINESSMEN AND INDUSTRIALISTS WHO MIGHT BE LIKELY CONTRIBUTORS. SENATOR ALETTI HAD TOLD US SIMILAR MEETING RECENTLY IN BOLOGNA WAS SUCCESS AND THAT OTHERS WERE PLANNED FOR VICENZA, FLORENCE, AND ROME. ONE MAJOR AREL UNDERTAKING CURRENTLY IS STUDY BY DOXA OF NATIONAL DC MEMBERSHIP TO MEASURE EXTENT OF PHONY MEMBERSHIPS BOUGHT TO CONTROL ORGANIZATION.

9. LEFTIST PARTIES HERE, UNLIKE DC, NOT FARING WELL ALTHOUGH DOXA SAYS BERLINGUER CONTINUES TO BE ONE OF MOST HIGHLY REGARDED MEN IN ITALY. EVERYONE AGREES PCI IS HAVING SERIOUS TROUBLE CONTAINING MILITANTS WHO ARE TIRED OF HAVING PARTY COOPERATE WITH DC WITH SO LITTLE TO SHOW

FOR IT. THERE IS AGREEMENT, TOO, THAT COMMUNISTS HAVE BEEN STUNG BY YOUTHFUL ACTIVISTS'. RECENT ATTACKS ON THEM. GOLFARI, WHO REMINED US HE HAD PREDICTED THAT PUBLIC RESPONSIBILITY WOULD BE HARD FOR PCI TO TAKE, SAID THAT BOTH HE AND ANDREOTTI WERE SURPRISED HOWEVER AT RAPIDITY WITH WHICH SPLIT IN PCI HAD COME TO HEAD. HOWEVER, EXTENT OF PCI PROBLEM BY NO MEANS AGREED, WITH CONFINDUSTRIA VP PIRELLI TELLING US THAT HE DOUBTS BERLINGUER CONTROL OF PARTY YET IN SERIOUS TROUBLE AND OTTONE CONVINCED PCI WELL ABLE STAND THE STRAIN.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MILAN 00541 02 OF 03 280909Z

10. SOCIALISTS ARE IN MUCH WORSE SHAPE. ABLE, PRUDENT LOMBARDY REGIONAL VICE PRESIDENT GIORGIO GANGI, DEEPLY DEPRESSED, TOLD US CRAXI'S CAREFUL AND ADVANCING WORK TO REBUILD PARTY IS NOW BOGGED DOWN PRIMARILY DUE TO LAMA, BOLGNA AND ROME RIOTS. PROBLEM IS THAT PSI IS SPLIT FROM TOP TO BOTTOM WHILE PCI, ACCORDING GANGI, IS VERY CLOSE KNIT AT LEADERSHIP LEVEL. PSI LEFT, HOWEVER, WANTS VEER OFF TO CONSOLIDATE EXTREME LEFT REPRESENTED BY STUDENT RIOTERS. THUS, PSI FEARS SPLIT, WITH LEFT EVENTUALLY BEING RE-ABSORBED BY PCI. CRAXI TRYING HOLD LEFT AND RIGHT TOGETHER AND NOT NOW PERSONALLY IN DANGER.

11. ONE OF MAIN SPOILERS, ACCORDING TOMILAN PROVINCIAL SECRETARY GIUSEPPE ABBONDANZA AND OTHERS, IS DEPUTY AND EX-MILAN MAYOR ALDO ANIASI, TO WHOM ABBONDANZA WAS ONCE CLOSE. NOT CONTENT WITH HANING AROUND TO LOOK OVER SHOULDER OF PRESENT MAYOR CARLO TOGNOLI (ANIASI RETAINS OFFICE INCITY HALL AS WELL AS CONTROL OF ANNUAL INTER-ANTIONAL MAYORS' CONFERENCE HE FOUNDED--ALL TO TOGNOLI'S EMBARRASSEMNT), ANIASI IS SAID TO BE CHANGING ALLIES AMONG ROME PSI LEADERSHIP WITH UNSEEMLY FREQUENCY.

12. BESET WITH SUCH DEBILITATING SQUABBLES, MOST SOCIALISTS LONG FOR PEACEFUL INTERLUDE AND DREAD PROSPECT OF NEW ELECTIONS. ABBONDANZA IN FACT HASTOLD US HE WOULD NOT BE DISPLEASED IF ANDREOTTI GOVERNMENT CONTINUED TO RUN COUNTRY FOR FORESEEABLE FUTURE. OTHERS, HOWEVER, LIKE ABBONDANZA'S VICE SECRETARY MAURIZIO RICOTTI AND FRIENDS, WANT TO SEE PSI IN LEFTIST COALITION WITH PCI. THEY CLAIM NOT TO TRUST PCI--AND ARE, LIKE OTHER SOCIALISTS, ENCHANTED THAT CARTER ADMINISTRATION'S HUMAN RIGHTS PRONOUNCEMENTS ARE CAUSING COMMUNISTS TO SQUIRM--BUT FEEL THEY ARE JUST THE EPOPLE TO KEEP PCI HONEST AND APPARENTLY THINK THEY CAN CARRY THIS OFF WITHOUT COMMUNISTS BURYING THEM.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 MILAN 00541 02 OF 03 280909Z

CONFIDENTIAL

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CONFIDENTIAL

PAGE 01 MILAN 00541 03 OF 03 280928Z

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

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TO SECSTATE WASHDC 5311

INFO AMEMBASSY ROME

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C O N F I D E N T I A L SECTION 3 OF 3 MILAN 0541

13. ON LABOR SIDE, UNIOSN HERE ARE MAINTAINING HARD LINE, AT LEAST AS FAR AS ATTITUDE TOWARD ANDREOTTI AUSTERITY MEASURES CONCERNED. PSI LOMBARDY SECRETARY BACCALINI, FIVE-YEAR CGIL VETERAN, TOLD US UNIONS HAD GIVEN UP ALL THEY INTENDED DURING RECENT CONFINDUSTRIA NEGOTIATIONS. NOW THEY WERE OB DURATE ON BLOCKAGES IN SCALA MOBILE, ALTHOUGH THERE REMAINED ROOM FOR MANEUVER ON ITEMS LIKE MIX OF GOODS WHOSE PRICES DETERMINE SCALA MOBILE RISES. NEW FACTOR IN MILAN, HOWEVER, IS INCIPIENT CRITICISM OF UNIONS FROM LEFT. VIOENT STUDENT DEMONSTRATIONS IN ROME AND BOLOGNA HAVE HIGHLIGHTED YOUTHFUL UNEMPLOYMENT PROBLEM AND UNIONS NOW CATCHING PART OF BLAME, FROM LEFT AS WELL AS RIGHT. BACCALINI, WHO HAS LONG FAVORED MORE UNION SACRIFICE FOR COMMON GOOD, TOLD US UNION REFUSAL TO LET WORKERS BE LAID OFF HAS CLOSED OFF OPENINGS FOR YOUNGER PEOPLE AND THAT UNIONS FINALLY STARTING TO EXAMINE CONSCIENCES IN THIS REGARD. PSI LOBBARDY VICE PRESIDENT GANGI WASMORE TRENCHANT, ACCUSING UNIONS OF BEING GREAT CONSERVATIVE FORCE IN ITALIAN LIFE TODAY. INFACT, PERCEPTION THAT UNIONS ARE DEFENDING EMPLOYED TO DETRIMENT OF UNEMPLOYED IS A MAJOR NEW THEME LOCALLY THAT HAS FAR REACHING IMPLICATIOS.

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PAGE 02 MILAN 00541 03 OF 03 280928Z

14. IF POLITICIANS ARE FRUSTRATED WITH UNIONS, BUSINESSMEN ARE MUCH LESS SO. PIRELLI, FOR EXAMPLE, SAYS UNION LEADERS DOING EVERYTHING IN THEIR POWER TO FIND RESPONSIBLE SOLUTIONS. BUSINESS EXECUTIVES TELL US THEIR RELATIONS WITH LBOR HAVE NOT BEEN EASIER IN LONG TIME, SOME CLAIMING THAT THIS DUE TO UNION WEAKNESS RATHER THAN CHANGE OF HEART. (WE THINK WEAKNESS LESS DECISIVE THAN CHANGED ANALYSIS BY LEADERSHIP OF POLITICAL-ECONOMIC CHOICES.) BETTER CLIMATE MANIFESTED IN LOW INCIDENCE OF LOCALLY INITIATED STRIKES, LESS ABSENTEEISM, AND COMPANY LEVEL WAGE NEGOTIATIONS WHERE COMPANIES HAVING TO SHELL OUT INCREASES THEY CONSIDER MINIMAL.

15. BUSINESS HAVING IT BETTER IN OTHER WAYS TOO. FRESHLY RELEASED 1976 GDP FIGURES HAVE BEEN PLEASANT SURPRISE FOR PEOPLE LIKE GANGI AND ASSOLOMBARDA PRESIDENT GUISEPPE PELLICANO, WHO HOPE RELATIVELY STRONG ECONOMIC SHOWING WILL CONTINUE INTO PARTY OF 1977. CONSENSUS NOW IS THAT REAL GDP WILL RISE 2-3 PERCENT THIS YEAR (MILAN 0404). LIRA, TOO, IS BEHAVING WELL, HAVING SURVIVED DISMANTLING OF PRIOR DEPOSIT SCHEME IN BETTER SHAPE THAN FORESEEN. BANKERS HERE SAY PERCEPTIBLE DEPRECIATION OF LIRA NOT LIKELY UNTIL LAST QUARTER OF 1977, WHEN IT SHOULD FALL INTO RANGE OF 910-960 PER DOLLAR.

16. BUSINESS IS STILL, OF COURSE, IN TROUBLE, SPECT STRESSED TO US BY SENATOR ALETTI. HE SAID COMPANY DEBT LOAD SITUATION REMAINED SERIOUS AND THAT HIGH INTEREST RATES WERE HELPING KEEP INVESTMENT DOWN. OTHER REASONS FOR DEPRESSED INVESTMENT SAID TO BE FAIRLY GENERAL AVAILABILITY OF UNUSED CAPACITY AND DOUBTS ABOUT LONG-TERM PROFITABILITY OF FIXED INVESTMENT IN PLANT EXPANSION. BANKERS SAID, TOO, THAT INVENTORIES APPEAR TO BE MODEST. AS FAR AS EXPORTS CONCERNED, ITALIAN PRODUCTS ARE SAID STILL TO BE COMPETITIVE BUT PROFIT MARGINS DECLINING

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CONFIDENTIAL

PAGE 03 MILAN 00541 03 OF 03 280928Z

RAPIDLY FROM MID-1976 HEIGHTS.

17. MORE DRAMATIC FOR MILANESE THAN BUSINESS WORRIES ARE INCREASING ATTACKS ON PUBLIC ORDER. RECENT STUDENT VIOLENCE IN ROME AND BOLOGNA PRODUCED ONLY RELATIVELY FAINT ECHOES HERE, BUT KIDNAPPINGS AND SHOOTINGS ARE OCCURRING IN MILAN IN UNSETTLING NUMBERS. NO FEWER THAN SIX PROMINENT MILAN

FIGURES--TENTH OF THE 63 KIDNAPED IN LOMBARDY SINCE 1970--
ARE STILL IN KIDNAPPERS' HANDS. VIVID REMINDER OF UPPER MIDDLE
CLASS CONCERN OVER PERSONAL SAFETY IS CONTAINED IN INSERT
TO ASSOLOMBARDA INVITATION TO HEAR ANDREOTTI SPEAK HERE
MARCH 29. FLYLEAF WARNS THAT IT IS ILLEGAL TO CARRY
FIREARMS IN PUBLIC GATHERINGS AND THAT TRANSGRESSORS WILL
BE ARRESTED.

18. MEANWHILE, POSSIBILITY OF EVENTUAL COMMUNIST ENTRY
INTO GOVERNMENT HANGS OVER ALL. PIRELLI SAYS HE AND
CONFININDUSTRIA PRESIDENT CARLI HAVE BEEN DISCUSSING QUESTION
AND UNABLE DECIDE HOW LONG PCI CAN SUPPORT DEFLATIONARY
POLICY WITHOUT INSISTING ON ENTERING GOVERNMENT. WHAT
HAS SOME PEOPLE HERE EXERCIZED--LIKE INFLUENTIAL
CONSERVATIVE EDITOR INDRO MONTANELLI--IS PERCEPTION
THAT, JUST AS PCI RUNNING INTO TROUBLE AND DC FINALLY
SHOWING SIGNS OF LIFE, US APPEARS ON VERGE OF GIVING
GREEN LIGHT TO COMMUNISTS. TALK IN CONSERVATIVE CIRCLES
HERE IS THAT CARTER ADMINISTRATION IS DROPPING OPPOSITION TO
EUROPEAN COMMUNIST PARTIES AND THAT NEW US AMBASSADOR
TO ITALY HAS COME TO INTRODUCE THAT CHANGE IN POLICY.

19. NOT THAT ANTI-COMMUNIST, NECESSARILY FEAR SOME NORMAL-
IZATION OF OUR RELATIONS WITH PCI. THEY SAY THAT WE SHOULD
TALK WITH COMMUNIST OFFICIALS. EX-PCI LEADER RENATO MIELI, WHO
NOW HEADS RESEARCH ORGANIZATION ON PROBLEMS OF COMMUNISM, TOLD
US WE MUST DEAL WITH PCI FROM POSITION OF STRENGTH, IN

AMBIENT OF OUR OWN CHOOSING (I.E., NOT VIA OFFICES
OF ORGANIZATION LIKE COUNCIL OF FOREIGN RELATIONS WHICH
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PAGE 04 MILAN 00541 03 OF 03 280928Z

ALREADY LOOKS FAVORABLY ON PCI), AND WITH AIM OF MAKING
COMMUNISTS CHANGE. SENATOR ALETTI MADE SIMILAR POINT,
INSISTING THAT WE NOT JUST LISTEN TO COMMUNIST BUT
TALK TO THEM, TELLING THEM CLEARLY WHAT WE FIND
UNACCEPTABLE IN THEIR BEHAVIOR AND SEEKING TO INFLUENCE
THEIR EVALUATION. PIRELLI, TOO, FAVORS GRADUAL
ESTABLISHMENT OF OPEN DIALOGUE AND PERHAPS EARLIER
ONE BEHIND SCENES. HOWEVER, HIS VIEWS SEVERAL
STEPS TO LEFT OF MOST OF LOMBARDY BUSINESS COMMUNITY ON
MOST POLITICAL ISSUES PROBABLY INCLUDING THIS ONE.

20. WE CONCLUDE FROM THESE SOUNDINGS THAT THREE
MAJOR DEVELOPMENTS HAVE OCCURRED HERE SINCE LAST
AUTUMN. FIRST, DC HAS SHIFTED INTO POSITION OF NET
OPPOSITION TO PCI ADMISSION INTO GOVERNMENT. SECONDLY,
PCI - AND PSI EVEN MORE SO -- IS ALIENATING PART OF ITS
NATURAL CONSTITUENCY ON LEFT. THIRD, CHALLENGE TO COMMUNISTS
AND SOCIALISTS COMES LESS FROM UNIONS, WHO ARE RELUCTANTLY

BUT GRADUALLY MOVING AWAY FROM EXTREMIST POSITIONS,
THAN FROM RADICAL STUDENTS, GROUP TRADITIONALLY ASSUMED
TO BE PREDOMINATELY LEFTIST BUT WHICH STARTING TO
EXHIBIT CHARACTERISTICS THAT COULD SERVE EXTREME RIGHT
AS WELL. IT IS POTENTIALLY GALVANIC EFFECT OF FLUID
MASS OF STUDENT COMMUNITY THAT INTRODUCES GREATEST
ELEMENT OF UNCERTAINTY INTO PICTURE AS SEEN BY MILAN'S
MOVERS AND SHAKERS IN THESE FIRST BRIGHT DAYS OF SPRING.FINA

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